

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/W/44

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Limited Distribution

Committee on Balance-of-Payments Restrictions

1980 CONSULTATION WITH BANGLADESH (SIMPLIFIED PROCEDURES)

Background Paper by the Secretariat

1. This paper has been prepared in accordance with paragraph 7 of the Declaration on Trade Measures Taken for Balance-of-Payments Purposes (L/4904) to assist the Committee on Balance-of-Payments Restrictions in taking the decision referred to in paragraph 8 of this Declaration.

I. Bangladesh's previous consultations

2. There has been no full consultation with Bangladesh. Three consultations under the simplified procedures were held in 1974, 1976 and 1978.

II. The main changes in Bangladesh's trade policy since the last consultation

3. Under the Import Policy Order 1978/79 issued in July 1978 import quotas are allocated on an annual rather than a biannual basis. Import duties were decreased on around thirty-three product groups and increased on five product groups including jute bobbins of aluminium, nuts and bolts, synthetic fabrics, mixed synthetic fabrics and ball bearings.

4. Changes to import duties affecting items falling under 277 CCCN four-digit headings were announced in the annual budget of June 1979. Duties were decreased on several items including iron and steel products, industrial chemicals, bitumen, cement, buses and motorcycles. Duties were increased between 15 and 50 per cent on motor cars with small engines (up to 1650 c.c.) and raised from 200 to 300 per cent on those with larger engines.

5. The Second Five-Year Plan for the development of the Bangladesh economy came into force on 1 July 1980, after the implementation of a Two-Year Development Plan (1978-80).

III. The major trends in Bangladesh's foreign trade since the last consultation

Detailed trade data are available only through 1978-79 (July-June).¹ Exports were, at \$630 million, one-third higher than in the previous year. Raw jute exports increased sharply in volume, their value reaching some \$140 million.

¹Bangladesh Bureau of Statistics. Statistical Pocket Book of Bangladesh - 1979-1980.

A volume decline in exports of manufactured jute (including yarn) was more than offset by higher export prices, and earnings rose 10 per cent, to about \$290 million. Exports of tea, another traditional export item of Bangladesh, declined to \$40 million. Other exports, in particular exports of leather (including leather manufactures) and of prawns and shrimps, were far more dynamic: altogether, their value increased by over 75 per cent and their share in total exports reached approximately one fourth. In 1978-79, imports rose 18 per cent, to about \$1.5 billion. Due to improved domestic supplies, food import requirements were much lower than in the preceding year, the share of food in total imports decreased from one fourth in 1977-78 to less than 15 per cent. The most rapidly expanding imports were raw cotton, chemicals, and machinery and transport equipment.

According to preliminary information, in 1979-80 Bangladesh's export receipts increased by 30 per cent and amounted to some \$800 million. The share of goods other than jute in total exports has increased except in the case of tea. Imports climbed in 1979-80 to nearly \$2.5 billion. There was a trebling in food imports due to the severe setback in domestic agricultural production in 1978-79 caused by drought. Other imports, in particular of petroleum, also increased strongly, largely as a consequence of rising import unit costs.